The capital market aids corporates to raise capital; the secondary market provides for trading of scrips. The movements in the stock market indices are not a determinant of growth of the economy, since, such movements could be due to a variety of reasons including the perceptions of investors.

Selling of shares by Foreign Financial Institutions

†2388. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Foreign Financial Institutions have sold maximum shares in Indian stock markets from 1 September, 2008 to 14 November, 2008;

(b) if so, the total value of these shares; and

(c) the total turnout from shares sold in the country's share market during the above period?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The net investment by FIIs for the period September 01, 2008 to November 14, 2008 was Rs. (-29,947.98) crore.

(c) The Total cash market turnover (single sided) at both NSI and BSI during the period September 01, 2008 to November 14, 2008 was Rs.7,93,896,01 crore.

Securities and Borrowing Lending Scheme

2389. SHRI ABDUL WAHAB PEEVEE: Will the PRIME MINISTER be pleased to state:

(a) the reasons for which the Securities and Borrowing Lending Scheme is not being rolled out in National Stock Exchange (NSE) properly;

(b) the reasons behind NSE promoting cash settled Futures and Options (F&O) which has led to excessive speculation;

(c) the reasons for which NSE is not implementing SEBI's vision of the balance scheme of Securities and Borrowing Lending to protect its monopoly of cash settled F&O which as per original report were to be cash settled only for one year; and

(d) what percentage of NSE volume constitute cash settled Nifty futures and what NSE has done to deepen the Capital Markets in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Securities and Exchange Board of India (SEBI) has provided a framework for Securities Lending and Borrowing (SLB) Scheme which has been operationalised with effect from April 21, 2008. NSE has accordingly implemented the scheme based on the framework provided by SEBI.

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†Original notice of the question was received in Hindi.

SEBI on October 31, 2008 has revised the framework for the SLB Scheme pursuant to feedback from market participants. The revision in framework for SLB Scheme *Inter alia* include increased timings for lending and borrowing, increased borrowing tenure, revision in margin methodology and handling of corporate action. NSE has reported that revising required considerable system changes to the existing set-up of SLB Scheme at NSE which has been done. It has been decided to implement the revised framework. Currently, index futures, index options, stock futures and stock options are available for trading in the equity derivatives market. The current regulatory framework envisages cash settlement of all derivative contracts. As reported by NSE, there has been no issue faced with respect to settlement of cash settled derivatives contracts till date.

(d) For the past six months, on an average, Nifty futures constituted around 32% and Nifty options around 35% of the total trading volumes in derivatives. NSE has taken various measures to deepen the capital market in the country including conducting investor awareness and education programs across the country, increased reach of participants by facilitating trading from locations across the country, updated its website providing detailed information, providing trade verification by clients through its website etc.

Strengthening of the micro-finance sector

2390. SHRIMATI SUPRIYA SULE: Will the PRIME MINISTER be pleased to state:

(a) whether Planning Commission in a report on strengthening the micro finance sector has pointed out that there is an urgent need for the Centre to come out with a national policy on micro-finance with a view to financially empower Below Poverty Line (BPL) families and reduce overall poverty in the country and evolve a coordinated strategy for a faster and smoother growth of the sector;

(b) if so, whether Government has considered the panel report recommendations; and

(c) if so, by when final decision is likely to be taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The Report of the Steering Committee on Microfinance and Poverty Alleviation (May 2007), constituted under the Chairmanship of Shri Anwarul Hoda, Member, Planning Commission, recommended the need for a concerted effort on the part of the various agencies and the service providers involved in the sector of microfinance to come together to evolve a coordinated strategy for a faster and smoother growth of the sector.

The Government has already taken a number of steps for financial empowerment of Below Poverty Line farmers and other poor people. The constitution of the Financial Inclusion Fund (FIF) for meeting the cost of promotional and developmental interventions and the Financial Inclusion Technology Fund (FITF) for meeting the cost of technology adoption, with an overall corpus of Rs. 500 crore each, are steps in that direction.